

Precinct Properties New Zealand Limited		
Results for announcement to the market		
Reporting Period	Six Months Ended 31 December 2012	
Previous Reporting Period	Six Months Ended 31 December 2011	
	Amount (\$m)	Percentage change
Revenue from ordinary activities	\$NZ 68.9	6.8%
Profit (loss) from ordinary activities after tax attributable to security holders.	\$NZ 23.6	15.7%
Net profit (loss) attributable to security holders.	\$NZ 23.6	15.7 %
Final Dividend	Amount per security	Imputed amount per security
	\$NZ 0.01280	\$NZ 0.001197
Record Date	28 February 2013	
Dividend Payment Date	14 March 2013	
Comments:	Unaudited financial statements attached.	



Interim results

*for the six months ended
31 December 2012*

Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2012

	Notes	Unaudited six months ended 31 December 2012 \$M	Unaudited six months ended 31 December 2011 \$M	Audited year ended 30 June 2012 \$M
Revenue				
Gross rental income		68.9	64.5	127.3
Less direct operating expenses		(21.3)	(19.2)	(36.4)
Operating profit before indirect expenses		47.6	45.3	90.9
Indirect expenses				
Interest expense		12.1	10.4	21.0
Interest income		(0.1)	(0.2)	(0.2)
Other expenses	3	5.6	5.1	11.6
Total indirect expenses		17.6	15.3	32.4
Operating profit before income tax		30.0	30.0	58.5
Non operating income/(expenses)				
Unrealised net gain in value of investment properties		–	–	5.5
Realised loss on sale of investment properties		–	(0.3)	(0.3)
Unrealised interest rate swap gain/(loss)		1.7	(7.9)	(5.1)
Total non operating income/(expenses)		1.7	(8.2)	0.1
Net profit before income tax		31.7	21.8	58.6
Income tax expense/(benefit)				
Current tax expense	2	3.8	3.4	7.2
Deferred tax expense/(benefit)	2	4.3	(2.0)	6.3
Total income taxation expense		8.1	1.4	13.5
Net profit after taxation attributable to equity holders		23.6	20.4	45.1
Total comprehensive income after income tax attributable to equity holders	7	23.6	20.4	45.1
Earnings per share (cents)				
Basic and diluted earnings per share	5	2.37	2.05	4.53
Operating income before income tax per share	5	3.01	3.01	5.86
Net operating income per share	5	2.63	2.67	5.14

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The accompanying notes form part of these Financial Statements.

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2012

	Ordinary shares \$M	Retained earnings \$M	Total equity \$M
At 1 July 2011	814.7	67.7	882.4
Total comprehensive income for the period	–	20.4	20.4
Distributions to equity holders	–	(25.1)	(25.1)
At 31 December 2011	814.7	63.0	877.7
At 1 January 2012	814.7	63.0	877.7
Total comprehensive income for the period	–	24.7	24.7
Distributions to equity holders	–	(25.2)	(25.2)
At 30 June 2012	814.7	62.5	877.2
At 1 July 2012	814.7	62.5	877.2
Total comprehensive income for the period	–	23.6	23.6
Distributions to equity holders	–	(25.3)	(25.3)
At 31 December 2012	814.7	60.7	875.4

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The accompanying notes form part of these Financial Statements.

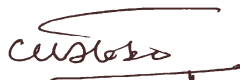
Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	Unaudited as at 31 December 2012 \$M	Unaudited as at 31 December 2011 \$M	Audited as at 30 June 2012 \$M
Current assets				
Cash and cash equivalents		5.5	1.1	0.7
Debtors		9.8	5.7	9.9
Total current assets		15.3	6.8	10.6
Non current assets				
Deferred tax asset – fair value of interest rate swaps		7.2	8.3	7.7
Investment properties	8	1,461.0	1,246.9	1,332.1
Total non current assets		1,468.2	1,255.2	1,339.8
Total assets		1,483.5	1,262.0	1,350.4
Current liabilities				
Fair value of interest rate swaps		–	0.2	0.1
Provision for tax		1.6	1.0	2.9
Other current liabilities		11.9	16.5	12.7
Total current liabilities		13.5	17.7	15.7
Non current liabilities				
Interest bearing liabilities	9	481.5	261.0	346.5
Fair value of interest rate swaps		25.7	30.0	27.3
Deferred tax liability – depreciation		87.4	75.6	83.7
Total non current liabilities		594.6	366.6	457.5
Total liabilities		608.1	384.3	473.2
Total equity	11	875.4	877.7	877.2
Total liabilities and equity		1,483.5	1,262.0	1,350.4

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Signed on behalf of the Board of Precinct Properties New Zealand Limited, who authorised the issue of these financial statements on 18 February 2013.



CRAIG STOBO
CHAIRMAN



DON HUSE
CHAIRMAN AUDIT & RISK COMMITTEE

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2012

	Notes	Unaudited six months ended 31 December 2012 \$M	Unaudited six months ended 31 December 2011 \$M	Audited year ended 30 June 2012 \$M
Cash flows from operating activities				
Gross rental income	6	69.5	59.7	116.2
Interest income		0.1	0.2	0.2
Property expenses		(22.5)	(23.1)	(37.8)
Other expenses		(9.5)	(8.2)	(10.9)
Interest expense		(11.0)	(8.7)	(20.7)
Income tax		(5.2)	(5.0)	(8.1)
Net cash inflow from operating activities	7	21.4	14.9	38.9
Cash flows from investing activities				
Proceeds from sale of investment properties		–	47.9	47.8
Capitalised interest on investment properties		(1.1)	–	(1.5)
Capital expenditure on investment properties		(34.0)	(15.4)	(47.2)
Acquisition of investment properties		(91.2)	–	(51.4)
Net cash inflow (outflow) from investing activities		(126.3)	32.5	(52.3)
Cash flows from financing activities				
Net loan facility drawdowns ¹		135.0	(21.5)	64.0
Distributions to equity holders		(25.3)	(25.1)	(50.3)
Net cash inflow (outflow) from financing activities		109.7	(46.6)	13.7
Net increase (decrease) in cash held		4.8	0.8	0.4
Cash at the beginning of the period		0.7	0.3	0.3
Cash at the end of the period		5.5	1.1	0.7

1 The amounts shown represent the net cash flows for the period.

The accompanying notes form part of these Financial Statements.

Notes to the Consolidated Financial Statements

For the six months ended 31 December 2012

1) Accounting policies

Reporting entity

Precinct Properties New Zealand Limited (Precinct) is incorporated in New Zealand and is registered under the New Zealand Companies Act 1993.

Precinct is an issuer for the purposes of the Financial Reporting Act 1993.

Precinct's principal activity is investment in predominantly prime CBD office properties in New Zealand. Precinct is managed by AMP Haumi Management Limited.

Basis of preparation

The interim financial statements have been prepared in accordance with NZ IAS 34 and IAS 34 Interim Financial Reporting. The interim financial statements have been prepared using New Zealand Dollar functional and reporting currency. All financial information has been presented in millions, unless otherwise stated.

These interim financial statements should be read in conjunction with the financial statements and related notes included in Precinct's Annual Report for the year ended 30 June 2012.

Precinct has elected to include additional comparative periods to assist users of the financial statements.

Significant accounting judgements, estimates and assumptions

In preparing the interim financial statements management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on Precinct when applying the accounting policies. Actual results may differ from the judgements, estimates and assumptions made by management.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

2) Taxation

Major components of income tax expense are:

	Unaudited six months ended 31 December 2012 \$M	Unaudited six months ended 31 December 2011 \$M	Audited year ended 30 June 2012 \$M
Current tax expense	3.8	3.4	7.2
Deferred tax expense/(benefit)			
Unrealised gain/(loss) on swap revaluation	0.5	(1.5)	(1.4)
Depreciation – current year	3.8	(0.5)	7.7
Total deferred tax expense/(benefit)	4.3	(2.0)	6.3

Notes to the Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2012

3) Other expenses

	Unaudited six months ended 31 December 2012 \$M	Unaudited six months ended 31 December 2011 \$M	Audited year ended 30 June 2012 \$M
Audit fees	0.1	0.1	0.2
Directors fees	0.2	0.2	0.4
Manager's base fees	3.6	3.3	6.6
Manager's performance fees	1.2	1.0	3.2
Other	0.5	0.5	1.2
Total other expenses	5.6	5.1	11.6

4) Reconciliation of net profit after tax to net operating income

Net operating income is net profit after tax, before revaluations on investment properties, revaluations of derivative financial instruments, deferred tax and other non-cash NZ IFRS adjustments.

	Unaudited six months ended 31 December 2012 \$M	Unaudited six months ended 31 December 2011 \$M	Audited year ended 30 June 2012 \$M
Net profit after taxation attributable to equity holders	23.6	20.4	45.1
Unrealised net gain in value of investment properties	–	–	(5.5)
Realised loss on sale of investment properties	–	0.3	0.3
Unrealised interest rate swap (gain)/loss	(1.7)	7.9	5.1
Deferred tax expense/(benefit)	4.3	(2.0)	6.3
Net operating income	26.2	26.6	51.3

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Notes to the Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2012

5) Earnings per security

Basic earnings per share amounts is calculated by dividing net profit after tax for the period attributable to ordinary share holders (excluding distributions to share holders) by the weighted average number of shares outstanding during the period. There are no shares that have a dilutive effect on earnings per share, therefore basic and diluted earnings per share are equal.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	<i>Unaudited six months ended 31 December 2012 M</i>	<i>Unaudited six months ended 31 December 2011 M</i>	<i>Audited year ended 30 June 2012 M</i>
Net profit after taxation for basic and diluted earnings per share	23.6	20.4	45.1
Weighted average number of shares for basic and diluted earnings per share	997.1	997.1	997.1

There have been no new shares issued subsequent to balance date that would affect the above calculations.

Operating income before income tax per share is calculated by dividing net operating income plus current tax, by the weighted average number of shares outstanding during the period.

Net operating income per share is calculated by dividing net operating income, by the weighted average number of shares outstanding during the period.

These additional measures are provided to assist shareholders in assessing their returns for the period.

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6) Reconciliation of gross rental income recognised in the statement of comprehensive income to cash flow from gross rental income

	<i>Unaudited six months ended 31 December 2012 \$M</i>	<i>Unaudited six months ended 31 December 2011 \$M</i>	<i>Audited year ended 30 June 2012 \$M</i>
Gross rental income	68.9	64.5	127.3
Less: Current year incentives	(2.4)	(7.6)	(10.0)
Add: Amortisation of incentives	1.2	0.7	1.5
Add: Working capital movements	1.8	2.1	(2.6)
Cash flow from gross rental income	69.5	59.7	116.2

Notes to the Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2012

7) Reconciliation of net profit after taxation with cash inflow from operating activities

	Unaudited six months ended 31 December 2012 \$M	Unaudited six months ended 31 December 2011 \$M	Audited year ended 30 June 2012 \$M
Net profit after taxation	23.6	20.4	45.1
Add/(less) non-cash items and non operating items			
Unrealised net change in value of investment properties	–	–	(5.5)
Realised loss on sale of investment properties	–	0.3	0.3
Unrealised interest rate swap (gain)/loss	(1.7)	7.9	5.1
Deferred tax expense/(benefit)	4.3	(2.0)	6.2
Amorisation of leasing costs and incentives	2.3	1.0	3.5
Movement in working capital			
Increase/(decrease) in creditors	(8.8)	(4.2)	(3.3)
(Increase)/decrease in debtors	1.7	(8.5)	(12.5)
Net cash inflow from operating activities	21.4	14.9	38.9

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8) Investment properties

\$M	Value ⁴	Book Value 31 December 2012	Capitalised Incentives	Additions/ Disposals	Valuation 30 June 2012	Book Value 31 December 2011
ANZ Centre ²	Colliers International	219.3	0.0	26.8	192.5	163.5
SAP Tower	Jones Lang LaSalle	82.2	0.4	1.8	80.0	77.6
AMP Centre	CB Richard Ellis	100.5	0.0	0.3	100.2	99.3
125 The Terrace	Bayleys	64.6	0.4	0.2	64.0	66.0
171 Featherston St	Colliers International	69.7	0.4	(0.1)	69.4	65.4
No. 1 and 3 The Terrace	Colliers International	78.0	0.0	0.0	78.0	79.0
No. 3 The Terrace ¹	Colliers International	10.7	0.0	0.0	10.7	10.6
PwC Tower	CB Richard Ellis	225.0	(0.2)	2.8	222.4	214.0
Pastoral House	Colliers International	54.8	0.0	0.0	54.8	56.0
Vodafone on the Quay	Colliers International	94.2	0.0	1.7	92.5	97.2
State Insurance Tower	Bayleys	130.2	0.3	0.4	129.5	125.8
Mayfair House	Bayleys	38.2	(0.1)	0.1	38.2	38.4
80 The Terrace	CB Richard Ellis	26.9	0.2	0.6	26.1	30.6
Deloitte House	CB Richard Ellis	47.2	0.2	0.0	47.0	48.8
Zurich House	Jones Lang LaSalle	76.6	0.6	0.6	75.4	74.7
Bowen Campus	CB Richard Ellis	51.5	0.0	0.0	51.5	–
Downtown Shopping Centre ³	CB Richard Ellis	91.4	0.0	91.4	–	–
Market value (fair value) of properties		1,461.0	2.2	126.6	1,332.1	1,246.9

1 No 3 The Terrace relates to the value of the ground lease.

2 Additions include 1.1m of capitalised interest. The amount of interest that is capitalised is calculated by taking the average cost of borrowing from Precinct's lenders and the cost of interest attached to the financial instruments associated with those borrowings.

3 Downtown Shopping Centre was purchased on 31 October 2012.

4 The 30 June 2012 values reflect the market value as determined by independent valuers. The 31 December 2011 & 12 values have been assessed internally.

Notes to the Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2012

9) Term loan

On 21 September 2012 Precinct entered into a Deed of Amendment and Restatement (relating to its Facility Agreement). The Deed amended the agreement to introduce a new Tranche E totalling \$53.3m and increasing the Tranche C facility to \$106.7m (June 2012: \$100m; December 2011: \$100m) resulting in a total cash advance facility with Bank of New Zealand (BNZ), ASB Institutional (ASB) and ANZ National Bank Limited (ANZ) totalling \$535m.

The maturity profile for the facility is as follows:

Maturity Date	Loan Facility	31 December 2012		30 June 2012	
		Facility \$M	Drawn \$M	Facility \$M	Drawn \$M
Sep-17	ANZ, BNZ	106.7	106.7	–	–
Jul-17	ANZ, ASB, BNZ	125.0	71.5	125.0	51.5
Jul-16	ANZ, ASB, BNZ	125.0	125.0	125.0	80.0
Jul-15	ASB	53.3	53.3	–	–
Jul-14	ANZ, ASB, BNZ	125.0	125.0	125.0	125.0
Jul-13	ANZ, ASB, BNZ	–	–	100.0	90.0
Total debt facility limit		535.0	481.5	475.0	346.5

The lenders under the loan facility have the benefit of a negative pledge obligation on Precinct and its subsidiary company. Precinct's covenants require total liabilities (excluding deferred tax, interest rate swaps and sub-ordinated debt) to not exceed 50% (June 2012: 50%; December 2011: 50%) of total assets (excluding deferred tax).

Interest rates charged on the facility for the drawdown period are at the 90-day benchmark borrowing rate (BKBM), plus a margin. As at 31 December 2012 the weighted average interest rate applying to these funds was 3.62% (includes margin) (June 2012: 3.57%; December 2011: 3.58%). Through the use of interest rate swaps Precinct has as of 31 December 2012 effectively fixed the interest rate on \$329,000,000 being 68.3% (June 2012: \$219,000,000, 63.2%; December 2011: \$247,500,000, 94.8%) of its total drawn amount at a weighted average interest rate of 5.94% (includes margin) (June 2012: 7.26%; December 2011: 7.37%). The weighted average term of the swaps is 3.6 years (June 2012: 4.3 years; December 2011: 3.5 years).

Precinct also pays a fee for the facility which is payable quarterly to BNZ, ANZ and ASB.

Precinct also pays a facility agent fee to ANZ.

Notes to the Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2012

10) Related party transactions

For the six months ended 31 December 2012 the following arm's length related party transactions occurred:

Manager fees

Precinct pays AMP Haumi Management Limited a base management services fee and a performance fee. A fee review was undertaken in 2009 in which a new management fee structure was proposed. This proposal was approved at a unit-holder meeting on 21 October 2010 with the revised structure to be effective from 1 July 2009.

The base management services fee structure is as follows:

- 0.55% of the value of the investment properties to the extent that the value of the investment properties is less than or equal to \$1 billion; plus
- 0.45% of the value of the investment properties to the extent that the value of the investment properties is between \$1 billion and \$1.5 billion; plus
- 0.35% of the value of the investment properties to the extent that the value of the investment properties exceeds \$1.5 billion.

The performance fee is based on Precinct's quarterly adjusted equity total returns relative to its peers in the NZ listed property sector as measured by the NZX listed property index. The performance fee is calculated as 10% of Precinct's quarterly performance, subject to an outperformance cap of 1.25% per quarter and after taking into account any brought forward surpluses or deficits from prior quarters. No performance fee is payable in quarters where equity total returns are negative.

A performance fee of \$1,194,708 payable for the six months ended 31 December 2012 (June 2012: \$3,237,651; December 2011: \$1,046,328). As at 31 December 2012 there is no notional performance fee surplus or deficit to be carried forward to the calculation of performance fees in future quarters (June 2012: \$2,898,152; December 2011: \$(288,003)).

The total base management services fee payable for the six months was \$3,602,595 (June 2012: \$6,635,066; December 2011: \$3,294,666). An outstanding amount for Precinct of \$748,905 (June 2012: \$563,030; December 2011: \$550,879) is payable to AMP Haumi Management Limited.

Precinct pays AMP Haumi Management Limited a leasing fee where AMP Haumi Management Limited has negotiated leases. The amount paid for the period was \$870,097 (June 2012: \$1,888,161; December 2011: \$1,684,278). No balance was outstanding at 31 December 2012 (June 2012: \$nil; December 2011: \$nil).

Precinct pays AMP Haumi Management Limited on a cost recovery basis a property and facilities management fee. The amount paid for the period was \$1,032,950 (June 2012: \$1,243,552; December \$182,834). An outstanding amount of \$nil (June 2012: \$nil; December 2011: \$nil) is payable to AMP Haumi Management Limited.

Precinct paid AMP Haumi Management Limited an acquisition fee for the six months of \$900,000 (June 2012: \$504,000; December 2011: \$nil). No balance was outstanding at 31 December 2012 (June 2012: \$nil; December 2011: \$nil).

Notes to the Consolidated Financial Statements *(continued)*

For the six months ended 31 December 2012

Precinct paid AMP Haumi Management Limited as development manager total fees for the six months of \$462,500 (June 2012: \$462,500; December 2011: \$462,500). No balance was outstanding as at 31 December 2012 (June 2012: \$nil; December 2011: \$nil).

Precinct received rental income from AMP Capital investors (New Zealand) Limited, AXA New Zealand Limited and AMP Services (NZ) Limited, all companies related to the manager, for premises leased in AMP Centre, Zurich House and 171 Featherston. Total rent received by Precinct during the period was \$3,473,983 (June 2012: \$5,551,223; December 2011: \$2,256,040). As at 31 December 2012 an amount of \$28,841 was owing to Precinct from the related parties (June 2012: owing to Precinct \$1,260; December 2011: owing to Precinct \$5,322).

11) Equity

The total number of shares outstanding as at 31 December 2012 is 997,069,794 (June 2012: 997,069,794; December 2011: 997,069,794).

12) Capital commitments

As at 31 December 2012 Precinct had outstanding capital commitments totalling \$9.6 million, mainly relating to the redevelopment of the ANZ Centre (June 2012: \$33.4 million; December 2011: \$50.2 million).

13) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors. Precinct is internally reported as a single operating segment to the chief operating decision-maker hence no further segments have been reported.

14) Events after balance date

On 18 February 2013 the Board approved the payment of a dividend of 1.280 cents per share (\$12,762,493 in total) to be paid on 14 March 2013.